

Michigan Department of Community Health Outpatient Prospective Payment System (OPPS) Project Decisions Documentation	TITLE / ISSUE :	
	Operating Ratios - PROPOSED	
	POINT PERSON	DATE INITIATED/REVISED
	Steven Ireland	2/6/06
Issue Description:		
<p>What will the State Of Michigan use for operating ratios for determining cost – applied in outlier calculations as well as reasonable cost reimbursement?</p>		
Research and Discussions Summary		
<p>The State Of Michigan calculates a cost to charge ratio, net of indirect medical education (IME Adjustor) for all outpatient facilities. The data is subject to appeals and approved during annual inpatient rate setting processes.</p> <p>The data is specific to the Medicaid population/utilization of Michigan and the hospital for which the data is captured.</p>		
Conclusion		
<p>Current operating ratios for outpatient hospitals and the process for establishing the ratios will continue to be used in the proposed outpatient prospective payment system.</p>		
Action Required (systems, publications, etc.)		
<p>No system requirements. Notification in policy bulletin.</p>		